

Message Text

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PAGE 01 BRUSSE 01604 181715Z

ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 SP-02 USIA-15 AID-05 EB-08 NSC-05

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03 H-02

PA-02 PRS-01 CIAE-00 COME-00 FRB-01 INR-07 NSAE-00

XMB-04 OPIC-06 LAB-04 SIL-01 /115 W

-----190256 097440 /75

R 181504Z FEB 77

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 9100

INFO AMEMBASSY BONN

AMEMBASSY COPENHAGEN

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

AMEMBASSY VIENNA

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USDEL MTN GENEVA

UNCLAS BRUSSELS 01604

E.O. 11652:N/A

TAGS:EFIN,BE

SUBJECT: BELGIAN NATIONAL BANK DISCOUNT RATE LOWERED TO 7
PERCENT

REF: BRUSSELS 115,BRUSSELS 1471 (NOTAL)

1.THE BELGIAN NATIONAL BANK (BNB) ANNOUNCED LATE
FEBRUARY 16 THAT IT IS REDUCING ITS CENTRAL DISCOUNT
RATE FROM 8 TO 7 PERCENT.VARIOUS SPECIAL RATES FRO
ADVANCES TO PRIVATE BANKS BEYOND QUOTA LIMITS ARE ALSO
GOING DOWN,FROM 8.5 PERCENT TO 7.25 PERCENT.

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2.THIS IS THE SECOND FULL-POINT DROP IN THE DISCOUNT
RATE IN SIX WEEKS,REFLECTING THE FRANC 'S CONTINUED
STRENGTH ON FOREX MARKETS.THE SHORT-TERM MONEY MARKET
IS QUITE LIQUID,AND THE BANK'S RESERVES IN FOREIGN
CURRENCIES HAVE CLIMBED OVER 35 PERCENT FROM EARLY
OCTOBER TO BF 89.5 BILLION AT PRESENT.

3.THIS ACTION WILL PROVIDE AT LEAST A PSYCHOLOGICAL
BOOST FOR THE BUSINESS COMMUNITY AND PERHAPS ALLOW FOR
SOME FURTHER SOFTENING OF COMMERCIAL SHORT-TERM INTEREST
RATES (CURRENTLY 9 TO 10 PERCENT).OFFICIALS AT THE BND
MAINTAIN THAT IT IS UNRELATED TO BUDGET DECISIONS (I.E.,
THE "EGMONT PLANT") ANNOUNCED BY THE BELGIAN GOVERNMENT
LAST WEEKEND; BE THAT AS IT MAY,THE MOVE COULD SERVE
TO ALLEVIATE SOMEWHAT THE EFFECTS OF THE PLAN'S INCREASE
IN INDIRECT TAXES.
RENNER

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
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Sent Date: 18-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BRUSSE01604
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Document Unique ID: 00
Drafter: n/a
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Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770059-0586
Format: TEL
From: BRUSSELS
Handling Restrictions: n/a
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ISecure: 1
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TAGS: EFIN, BE
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Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/4eaa7cc4-c288-dd11-92da-001cc4696bcc
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